

By: **Delegate Eckardt**

Rules suspended

Introduced and read first time: March 23, 2004

Assigned to: Rules and Executive Nominations

Re-referred to: Ways and Means, March 26, 2004

Committee Report: Favorable with amendments

House action: Adopted

Read second time: April 4, 2004

CHAPTER _____

1 AN ACT concerning

2 **Dorchester County - Hotel Sales Tax Surcharge - Chesapeake Bay**
3 **Conference Center**

4 FOR the purpose of establishing a Dorchester County Economic Development Fund in
5 the Maryland Economic Development Corporation; requiring that the Fund be
6 used for a certain purpose relating to the Chesapeake Bay Conference Center;
7 providing for the administration of the Fund; imposing a supplemental ~~sales~~
8 ~~and use tax~~ surcharge under certain circumstances in Dorchester County on the
9 sale of a right to occupy a room or lodgings as a transient guest in an
10 establishment that offers a certain number of rooms; establishing the rate of the
11 ~~tax~~ surcharge; providing for the distribution of revenues to the Fund; and
12 generally relating to imposing a supplemental ~~sales and use tax~~ surcharge in
13 Dorchester County on the sale of a right to occupy a room or lodgings as a
14 transient guest.

15 BY renumbering
16 Article 83A - Department of Business and Economic Development
17 Section 5-216
18 to be Section 5-217
19 Annotated Code of Maryland
20 (2003 Replacement Volume)

21 BY adding to
22 Article 83A - Department of Business and Economic Development
23 Section 5-216

1 Annotated Code of Maryland
2 (2003 Replacement Volume)

3 BY repealing and reenacting, with amendments,
4 Article - Tax - General
5 Section 1-101(s), 2-1303, and 11-102
6 Annotated Code of Maryland
7 (1997 Replacement Volume and 2003 Supplement)

8 BY adding to
9 Article - Tax - General
10 Section 11-104(e)
11 Annotated Code of Maryland
12 (1997 Replacement Volume and 2003 Supplement)

13 Preamble

14 WHEREAS, The Maryland Economic Development Corporation financed a
15 project commonly known as the Chesapeake Bay Conference Center, creating a
16 luxury destination resort on Maryland's Eastern Shore; and

17 WHEREAS, The project was designed to promote jobs and economic
18 development in Dorchester County; and

19 WHEREAS, The initial success of the project has resulted in expanded
20 tourism, new job creation, and an insurgence of economic energy to the region; and

21 WHEREAS, Additional funding is necessary to continue to fulfill the mission
22 of the project and to usher in expanded growth to Dorchester County; now, therefore,

23 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
24 MARYLAND, That Section(s) 5-216 of Article 83A - Department of Business and
25 Economic Development of the Annotated Code of Maryland be renumbered to be
26 Section(s) 5-217.

27 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland
28 read as follows:

29 **Article 83A - Department of Business and Economic Development**

30 ~~5-1701.~~ 5-216.

31 (A) THERE IS A DORCHESTER COUNTY ECONOMIC DEVELOPMENT FUND IN
32 THE CORPORATION.

33 (B) THE FUND SHALL BE USED TO COMPLETE THE MARYLAND ECONOMIC
34 DEVELOPMENT CORPORATION PROJECT, COMMONLY KNOWN AS THE CHESAPEAKE
35 BAY CONFERENCE CENTER, AND TO SATISFY THE FULL AND FINAL SETTLEMENT OF

1 THE PENDING CONSTRUCTION CLAIMS RELATED TO THE PROJECT AND ANY BONDS
2 ISSUED IN CONNECTION WITH SUCH CLAIMS.

3 (C) THE CORPORATION SHALL MANAGE AND ADMINISTER THE FUND ON
4 TERMS AND CONDITIONS ACCEPTABLE TO THE CORPORATION AND THE
5 DEPARTMENT.

6 (D) (1) THE FUND IS A CONTINUING, NONLAPSING FUND THAT IS NOT
7 SUBJECT TO § 7-302 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.

8 (2) THE COMPTROLLER SHALL ACCOUNT AND COLLECT FOR THE FUND
9 AND DISBURSE THE REVENUES TO THE TRUSTEE MAINTAINING THE FUND FOR THE
10 CORPORATION.

11 (3) ANY INVESTMENT EARNINGS OF THE FUND SHALL BE PAID INTO
12 THE FUND.

13 (E) THE FUND SHALL CONSIST OF REVENUES FROM THE ~~SUPPLEMENTAL~~
14 ~~SALES AND USE TAX~~ HOTEL SURCHARGE IMPOSED UNDER § 11-102(B) OF THE TAX -
15 GENERAL ARTICLE.

16 (F) THE FUND MAY BE PLEDGED BY THE CORPORATION TO PAY BONDS OF
17 THE CORPORATION ISSUED TO SATISFY THE FULL AND FINAL SETTLEMENT OF THE
18 PENDING CONSTRUCTION CLAIMS.

19 **Article - Tax - General**

20 1-101.

21 (s) (1) "Sales and use tax" means the tax imposed under Title 11 of this
22 article.

23 (2) "Sales and use tax" includes the tax imposed on the use of certain
24 electricity under § 11-1A-01 of this article.

25 (3) "SALES AND USE TAX" INCLUDES THE HOTEL SURCHARGE IMPOSED
26 UNDER § 11-102(B) OF THIS ARTICLE.

27 2-1303.

28 After making the distributions required under §§ 2-1301 through 2-1302.1 of
29 this subtitle, the Comptroller shall pay:

30 (1) REVENUES FROM THE ~~SUPPLEMENTAL SALES AND USE TAX~~ HOTEL
31 SURCHARGE INTO THE DORCHESTER COUNTY ECONOMIC DEVELOPMENT FUND
32 ESTABLISHED UNDER ARTICLE 83A, § 5-216 OF THE CODE; AND

33 (2) the remaining sales and use tax revenue into the General Fund of the
34 State.

1 11-102.

2 (a) Except as otherwise provided in this title, a tax is imposed on:

3 (1) a retail sale in the State; and

4 (2) a use, in the State, of tangible personal property or a taxable service.

5 (b) (1) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, IN ADDITION TO
6 THE TAX IMPOSED UNDER SUBSECTION (A) OF THIS SECTION, A ~~SUPPLEMENTAL~~
7 ~~SALES AND USE TAX~~ HOTEL SURCHARGE IS IMPOSED IN DORCHESTER COUNTY ON
8 THE SALE OF A RIGHT TO OCCUPY A ROOM OR LODGINGS AS A TRANSIENT GUEST IN
9 AN ESTABLISHMENT THAT OFFERS AT LEAST 380 ROOMS.

10 (2) ~~THE SUPPLEMENTAL TAX~~ HOTEL SURCHARGE IMPOSED UNDER
11 PARAGRAPH (1) OF THIS SUBSECTION MAY NOT BE IMPOSED IF THE MARYLAND
12 ECONOMIC DEVELOPMENT CORPORATION CERTIFIES TO THE COMPTROLLER THAT
13 THE BONDS ISSUED BY THE MARYLAND ECONOMIC DEVELOPMENT CORPORATION
14 SECURED BY THE DORCHESTER COUNTY ECONOMIC DEVELOPMENT FUND
15 ESTABLISHED UNDER § 5-216 OF ARTICLE 83A OF THE CODE HAVE BEEN PAID IN
16 FULL.

17 (C) (1) A county, municipal corporation, special taxing district, or other
18 political subdivision of the State may not impose any retail sales or use tax except:

19 (i) a sales tax or use tax that was in effect on January 1, 1971;

20 (ii) a tax on the sale or use of:

21 1. fuels;

22 2. utilities;

23 3. space rentals; or

24 4. any controlled dangerous substance, as defined in § 5-101
25 of the Criminal Law Article, unless the sale is made by a person who registers under
26 and complies with Title 5, Subtitle 3 of the Criminal Law Article; or

27 (iii) a tax imposed by a code county on the sale or use of food and
28 beverages authorized under Article 25B, § 13H of the Code.

29 (2) Paragraph (1) of this subsection may not be construed as conferring
30 authority to impose a sales and use tax.

31 11-104.

32 (E) ~~THE RATE OF THE SUPPLEMENTAL SALES AND USE TAX~~ HOTEL
33 SURCHARGE IMPOSED UNDER § 11-102(B) OF THIS SUBTITLE IS 2.5% OF THE TAXABLE
34 PRICE.

1 SECTION ~~2.~~ 3. AND BE IT FURTHER ENACTED, That this Act shall take
2 effect June 1, 2004.